



# features:

## BEGINNINGS: The Founding of Brandes Investment Partners



Charles Brandes began his career on Wall Street.

Not *that* Wall Street. Brandes started in the securities industry in 1968 as a broker trainee for a firm on Wall Street in La Jolla, California.

As broker of the day a few years later, Brandes met Benjamin Graham. The meeting changed the young broker's life forever.

Reflecting on the day he met the legendary investor, now widely considered the father of value investing, Brandes said, "When he told me his name, I recognized he was the famous Ben Graham. During my training to become a stockbroker, we read chapters from his book, *Security Analysis*. But at the time I was studying to become a broker, those were the Go-Go years and value investing was very much out of favor. There was virtually no interest in Ben Graham." He added, "Nobody even used the term *value* back then. They said *Graham & Dodd-ism* or *Graham & Didders*."

The meeting prompted Brandes to revisit Graham's published works, especially *The Intelligent Investor*. "Having some experience in the market, his books set off a light bulb in my head." Brandes was drawn to Graham's fundamental focus, grounding in economic principals and long-term investment techniques.

"This method of investing is great," Brandes thought. "It's fundamental. It fits my personality. And it has worked." Armed with what he believed was a proven methodology for evaluating businesses, Brandes researched Graham's performance record and the track records for his disciples—Warren Buffett, Charles Munger, Walter Schloss and the Kahn Brothers. "Over many years, it appeared to me that all of them had done exceptionally well," he said. "I adopted the philosophy completely."

During the course of his research on the value approach, Brandes formed additional questions. In addition to going back to the texts, he also called on Graham. "I told him I was really interested in his theories. He had an apartment in La Jolla that was near my office. I asked if I could come over and talk to him. He agreed."

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Brandes arranged an appointment and visited Graham for an in-depth discussion of investing. Over the next year, Brandes enhanced his understanding and appreciation of Graham's texts through periodic discussions with Graham.

"As a broker, I developed an interest in evaluating businesses," Brandes said. "I knew I had the discipline to conduct fundamental research. And I knew I could help people manage their assets. I was confident that eventually I'd do something else."

In 1973, U.S. stocks began an agonizing descent that drained 45.1% off the Dow Jones Industrial Average over a 23-month period between January 1973 and December 1974.

"Because of the bear market, a lot of stocks were getting extremely inexpensive," Brandes said. "Even though everyone was bearish, from a Graham and Dodd perspective, it was a great time to be buying stocks. I decided it was time to start my own firm."

Brandes founded his own investment management business in 1974. "That's



Brandes Investment Partners, L.P.  
is headquartered in San Diego

what I really wanted to do," he said of establishing the firm. "I was always attracted to economics, the world of business, how companies produce wealth and how the stock market is used to finance those businesses."

Applying Graham & Dodd principles to global markets established Brandes as a leader in value investing. "Value investing globally was started right from day one," Brandes said. "I was asked to apply value disciplines to manage a client's assets in global markets. This opened my eyes to a

world of opportunity."

More than thirty-five years later, Brandes Investment Partners® has earned recognition as a leader in value investing in the United States and around the world. The firm has grown to provide investment management services for thousands of individual investors, and a number of institutional clients. As of March 31, 2012, assets under management totaled \$34.5 billion worldwide\*.

Among the factors that have distinguished the firm from its peers, Charles Brandes cited a clear focus, a global perspective, strict adherence to fundamental investing principles, long-term thinking, client service and high-quality personnel. Going forward, Brandes singled out client service as the most critical factor in extending the firm's success.

\*Total assets under management include \$28.2 billion in Institutional/Private Client and \$6.3 billion in SMA Division assets. The SMA Division encompasses the firm's "Separately Managed Account" business (subadvisory "wrap-fee" business with brokerage firms). Also includes UMA ("unified managed account") assets.

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